

BILL ANALYSIS

Senate Research Center
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S.B. 1154
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Recently, a district judge had to rule against a disabled veteran seeking repayment for his homestead taxes because, although he filed his disability application with the Texas Veterans Commission in 2009, it was not processed until 2013. He wanted to get back the money he paid in homestead taxes from 2009 to 2013, money he would never have had to pay if he had gotten his disability application approved by the VA in a timely manner. The district judge was forced to rule against the veteran because judges are currently allowed to order retroactive homestead tax exemptions for only one prior year. So, the veteran only got the exemption for 2012 and 2013, when he was entitled to it since 2009.

In order to avoid this problem in the future, S.B. 1154 retroactively applies homestead tax exemptions for completely disabled veterans back to the year in which they filed their disability applications. Disabled veterans will be entitled to receive the exemption for any year for which the veteran is later determined by the VA to have been completely disabled.

Under this legislation, veterans would finally have a remedy for the inefficiency of the federal government in processing their disability applications. For example, if a veteran filed his disability application in 2016 but it was not approved until 2020, the appraisal district would simply refund the veteran all homestead taxes he had paid since 2016; or, if the veteran had tax bills for other property or business entities, the appraisal district would deduct all the homestead taxes he had paid since 2016 from the next year's tax bill. The purpose of this bill is to eliminate the current constraint on the state's ability to grant disabled veterans the tax exemptions to which they are lawfully entitled.

As proposed, S.B. 1154 amends current law relating to the deadline for filing an application for an exemption from ad valorem taxation of the residence homestead of a 100 percent or totally disabled veteran.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Section 11.431, Tax Code, to read as:

Sec. 11.431. LATE APPLICATION FOR HOMESTEAD EXEMPTION IN GENERAL.

SECTION 2. Amends Section 11.431(a), Tax Code, as follows:

(a) Requires the chief appraiser to accept and approve or deny an application for a residence homestead exemption, including an exemption under Section 11.131 (Residence Homestead of 100 Percent or Totally Disabled Veteran) for the residence homestead of the surviving spouse of a disabled veteran, an exemption under Section 11.132 (Donated Residence Homestead of Partially Disabled Veteran) for the residence homestead of a disabled veteran or the surviving spouse of a disabled veteran, or an exemption under Section 11.132 for the residence homestead of the surviving spouse of a member of the armed services of the United States who is killed in action but not including an exemption under Section 11.131 for the residence homestead of a disabled

veteran, after the deadline for filing it has passed if it is filed not later than one year after the delinquency date for the taxes on the homestead. Makes a nonsubstantive change.

SECTION 3. Amends Subchapter C, Chapter 11, Tax Code, by adding Section 11.4311, as follows:

Sec. 11.4311. LATE APPLICATION FOR 100 PERCENT OR TOTALLY DISABLED VETERAN HOMESTEAD EXEMPTION. (a) Requires the chief appraiser to accept and approve or deny an application for an exemption under Section 11.131 for the residence homestead of a 100 percent or totally disabled veteran after the filing deadline provided by Section 11.43 (Application for Exemption) if the application is filed not later than one year after the date on which the United States Department of Veterans Affairs or its successor approves the veteran's disability application. Entitles a disabled veteran to receive the exemption for any tax year for which the veteran is determined by the Texas Department of Housing and Community Affairs to be eligible to receive 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or individual unemployability and for which the veteran is otherwise qualified for the exemption.

(b) Requires the chief appraiser to notify the collector for each taxing unit in which the property was taxable in that year if a late application is approved after approval of the appraisal records for a year for which the exemption is granted. Requires the collector to deduct from the person's tax bill the amount of tax imposed on the property for that year and any penalties and interest relating to that tax if the tax and related penalties and interest have not been paid. If the person paid the tax and related penalties and interest on the property for a tax year for which an exemption is granted under this section, the person is eligible for a refund of the tax, penalties, and interest paid as provided by Section 31.11 (Refunds of Overpayments or Erroneous Payments). Provides that the deadline prescribed by Section 31.11(c) (requiring an application for a refund to be made within three years after the date of the payment or the taxpayer waives the rights to the refund, except as provided by Subsection (c-1)) for applying for a refund does not apply to a refund under this section.

SECTION 4. Provides that the change in law made by this Act applies only to a late application for an exemption under Section 11.131, Tax Code, filed on or after the effective date of this Act. Provides that a late application for an exemption under Section 11.131, Tax Code, that was filed before the effective date of this Act is governed by the law in effect on the date the application was filed, and the former law is continued in effect for that purpose.

SECTION 5. Effective date: September 1, 2015.